



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E Greene

Carlsbad New Mexico 88220 6292

www.blm.gov/nm



IN REPLY REFER TO
NM136894
3105 2 (P0220)

04/03/2017

Reference Communitization Agreement

Annabelle 13/18 W2BA Fed Com 1H

Section 13 NE

T 24 S , R 26 E

Section 18 N2

T 24 S , R 27 E

Eddy County, NM

Mewbourne Oil Company
500 W Texas, Suite 1020
Midland, TX 79701

Gentlemen

Enclosed is an approved copy of Communitization Agreement NM136894 involving 80 acres of Federal land in lease NMNM111528, 80 acres of Federal land in lease NMNM0402170, 113 07 acres of Federal land in lease NMLC064200 and 200 acres of Fee land, Eddy County, New Mexico, which comprise a 473 07 acre well spacing unit

The agreement communitizes all rights to all producible gas and all producible hydrocarbons from the Wolfcamp formation beneath Sec 13, NE, T 24 S , R 26 E and beneath Sec 18, N2, T 24 S , R 27 E , NMPM Eddy County, NM and is effective 09/15/2016 Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1 800 525 9167 or 303 231-3504.

If you have any questions regarding this approval, please contact Chris Walls at (575) 234 2234 or Deborah Ham at (575) 234-5965.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure

1 - Communitization Agreement

cc

ONRR, Denver

NM Taxation & Revenue Dept (Revenue Processing Div)

NMOCD

NM (9200)

NM (P0220 CFO, File Room)

NM State Land Comm

Determination - Approval Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat 784, 30 U S C 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby

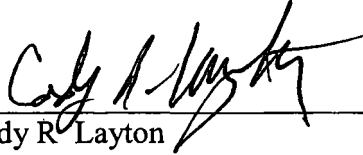
- A Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto

- B Approve the attached Communitization Agreement covering Sec 13, NE, T 24 S , R 26 E , and Sec 18, N2, T 24 S , R 27 E , NMPM, as to all producible gas and hydrocarbons from the Wolfcamp formation This approval will become invalid if the public interest requirements under section 3105 2-3 (c) are not met

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement

- C Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement

Approved 04/03/2017



Cody R Layton
Assistant Field Manager,
Lands and Minerals

Effective 09/15/2016

Contract No Com Agr NM136894



BUREAU OF LAND MANAGEMENT

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Carlsbad New Mexico 88220 6292
www.nm.blm.gov



In Reply Refer to
NM136894
3107 (P0220)

Memorandum

To State Director (9210)

From Land Law Examiner (P0220)

Subject First Production, Communitization Agreement NMNM136894

Date of Completion	12/19/2016
Date of First Production	12/19/2016
Field	Purple Sage
Operator, Well Name & No, API Number	Mewbourne Oil, Annabelle 13/18 W2BA Fed Com 1H, 30-015-42765
Surface Location	Sec 12, SESW, T 24 S , R 26 E
Production Penetration	Sec 13, NWNE, T 24 S , R 26 E
Bottom Location	Sec 18, NENE, T 24 S , R 27 E
Total Depth	17,770' MD, 9,725 TVD
Surface Elevation	3,257 GL
Producing Formation	Wolfcamp (10,472 – 17,700)
Well Capable of Production in Paying Quantities	Yes
Initial Daily Production	Oil 141 BBL, Gas 1490 MCF, Water 2342 BBL
Current Status	Producing Gas Well

Remarks CA NMNM136894 effective 09/15/2016 communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath sec 13 NE T 24 S R 26 E and sec 18 N2 T 24 S R 27 E NMPM and comprises 80 acres of Federal land in lease NMNM111528 80 acres of Federal land in lease NMNM0402170 113 07 acres of Federal land in lease NMLC064200 and 200 acres of fee land for a 473 07 acre well spacing unit with leases NMNM111528 and NMLC064200 held by actual production and lease NMNM0402170 held by allocated production Per production penetration of well bore surface location not within agreement boundary

If you have any questions regarding this memorandum please call Deborah Ham at (575) 234 5965

/S/ Deborah Ham
04/03/2017

cc

ONRR

First Production File

LLNM (P0220, File Room)